

Message Text

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ORIGIN ARA-14

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FM SECSTATE WASHDC
TO AMEMBASSY PANAMA PRIORITY

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E.O. 11652: N/A

TAGS: PBOR, PN

SUBJECT:ECONOMIC-MILITARY COOPERATION PROGRAM

1. THE DEPARTMENT HAS DRAFTED A NOTE FROM THE U.S. TO PANAMA ON THE ECONOMIC AND MILITARY COOPERATION PROGRAM PURSUANT TO THE EXCHANGE OF NOTES CONTEMPLATED IN THE SEPTEMBER 7, 1977 NOTE FROM THE SECRETARY TO THE PANAMANIAN AMBASSADOR. IT IS CONTEMPLATED THAT THE EXCHANGE OF NOTES BETWEEN THE UNITED STATES AND PANAMA WILL TAKE PLACE AT THE TIME OF THE PRESIDENT'S VISIT TO PANAMA.

2. THE PROPOSED TEXT IS AS FOLLOWS: BEGIN QUOTE. I HAVE THE HONOR TO REFER TO THE NOTE DATED SEPTEMBER 7, 1977, FROM THE SECRETARY OF STATE TO THE AMBASSADOR OF PANAMA REGARDING ECONOMIC AND MILITARY COOPERATION BETWEEN OUR TWO GOVERNMENTS AND TO PROPOSE THAT OUR GOVERNMENTS ENTER
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INTO AN AGREEMENT ON THE FOLLOWING TERMS:

THE UNITED STATES GOVERNMENT WILL CONSIDER APPLICATIONS FROM THE REPUBLIC OF PANAMA FOR HOUSING INVESTMENT GUARANTEES WITH A VIEW TO APPROVAL OF SPECIFIC PROJECTS WITH AN AGGREGATE VALUE OF NOT TO EXCEED DOLS 75 MILLION OVER A

FIVE YEAR PERIOD. APPROVAL OF SPECIFIC PROJECTS SHALL BE SUBJECT TO CONFORMANCE WITH ANY APPLICABLE ADMINISTRATIVE AND LEGISLATIVE CRITERIA.

THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) WILL GUARANTEE BORROWING OF NOT TO EXCEED DOLS 20 MILLION IN THE UNITED STATES BY THE CORPORACION FINANCIERA NACIONAL (COFINA) OF PANAMA FOR USE IN FINANCING PRODUCTIVE PROJECTS IN THE PRIVATE SECTOR IN PANAMA, SUBJECT TO SUCH TERMS AND CONDITIONS AS SHALL BE AGREED UPON BY THE OPIC, COFINA, AND THE LENDER, WHICH OPIC GUARANTEE HAS BEEN APPROVED BY OPIC'S BOARD OF DIRECTORS. THE OPIC GUARANTEE IS SUBJECT TO A GOVERNMENT OF PANAMA GUARANTEE TO OPIC OF AMOUNTS GUARANTEED BY OR DUE TO OPIC.

THE EXPORT-IMPORT BANK OF THE UNITED STATES IS PREPARED TO OFFER A LETTER OF INTEREST TO PROVIDE LOANS, LOAN GUARANTEES, AND INSURANCE, AGGREGATING NOT TO EXCEED DOLS 200 MILLION OVER A FIVE YEAR PERIOD BEGINNING OCTOBER 1, 1977 AND ENDING SEPTEMBER 30, 1982, FOR THE PURPOSE OF FINANCING THE U.S. EXPORT VALUE OF SALES TO PANAMA. SUCH FINANCING SHALL, AT THE DISCRETION OF THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK, BE IN THE FORM OF LOANS, LOAN GUARANTEES, OR INSURANCE FOR INDIVIDUAL PRODUCTS OR PROJECTS APPROVED BY SUCH BOARD.

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THE UNITED STATES GOVERNMENT WILL ISSUE REPAYMENT GUARANTEES UNDER ITS FOREIGN MILITARY SALES PROGRAM IN ORDER TO FACILITATE THE EXTENSION OF LOANS TO THE GOVERNMENT OF PANAMA BY ELIGIBLE LENDERS FOR THE PURPOSE OF FINANCING THE PURCHASE BY THE GOVERNMENT OF PANAMA OF DEFENSE ARTICLES AND DEFENSE SERVICES. THE AGGREGATE PRINCIPAL AMOUNT OF LOANS GUARANTEED BY THE UNITED STATES GOVERNMENT IN ACCORDANCE WITH THIS PARAGRAPH SHALL NOT EXCEED DOLS 50 MILLION OVER A TEN YEAR PERIOD.

THE ABOVE ARRANGEMENTS WILL BE SUBJECT TO THE LIMITATIONS OF APPLICABLE UNITED STATES LEGAL REQUIREMENTS, INCLUDING UNITED STATES CONGRESSIONAL AUTHORIZATION AND APPROPRIATION PROCEDURES.

IF THESE PROPOSALS ARE ACCEPTABLE TO YOUR GOVERNMENT, I SUGGEST THAT THIS NOTE AND YOUR REPLY INDICATING ACCEPTANCE CONSTITUTE AN AGREEMENT BETWEEN OUR GOVERNMENTS ON THE ABOVE TERMS, TO ENTER INTO FORCE ON THE DATE OF YOUR REPLY.

ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST

CONSIDERATION. END QUOTE.

3. THE FOREGOING TEXT HAS BEEN CLEARED BY THE DEPARTMENT,
DOD, OPIC, AID AND EXIM BANK. REQUEST EMBASSY CONCURRENCE
AND APPROPRIATE COORDINATION WITH GOP. CHRISTOPHER

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Message Attributes

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